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FISCAL IMPACT STATEMENT

LS 7429

BILL NUMBER: SB 497

NOTE PREPARED: Jan 7, 2011

BILL AMENDED:

SUBJECT: Higher Education Scholarship.

FIRST AUTHOR: Sen. Kruse

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides an Early Graduation Scholarship to a student who graduates from high school before Grade 12. It requires the State Board of Education to amend its rules to facilitate graduation from high school in less than seven semesters. The bill makes an appropriation.

Effective Date: Upon passage.

Explanation of State Expenditures: The bill provides a \$3,500 Early Graduation Scholarship for each high school student that graduates a year early. The student would have to complete the necessary courses by Grade 11, apply for the grant, and enroll in an approved postsecondary education institution. The impact would depend on the number of students that might choose to graduate early. The state tuition support distributions to local schools would be reduced by the amount of the scholarships granted in each year.

During the 2009-2010 school year there were about 77,900 11th grade students and 73,000 12th grade students. (There are about 4,200 to 5,500 11th graders that do not become 12th grade students per each age cohort). For every 300 students that may qualify, about 0.4% of 11th grade students, the cost of the scholarships would be \$1 M. The tuition support distribution would be reduced by \$1 M.

There would be a reduction in tuition support for the schools where the Early Graduation Scholarship recipient graduated in the following school year. The reduction in state tuition support would equal the additional funding the school receives from counting the student in the current ADM in the last year that student attended the school. The impact would depend on future school formulas. The current school formula is repealed on January 1, 2012. The impact would vary depending on the 2012 school formula adopted by the General Assembly.

The bill appropriates sufficient funds from the state General Fund to pay the scholarships.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: Local schools would receive a reduction in tuition support revenue equal to the cost of the Early Graduation Scholarships. The reduction first will be for schools that receive more funding the following year due to counting the early graduate in the school's ADM the previous year. If the reductions are not sufficient to pay the cost of the Early Graduation Scholarships, then the remaining cost will be spread among all school corporations.

State Agencies Affected: State Student Assistance Commission; Department of Education.

Local Agencies Affected: Local schools.

Information Sources: Department of Education databases.

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